

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS:
BUTTER (7/03): Grade AA closed at \$1.0325. The weekly average for Grade AA is \$1.0450 (-.0025).

CHEESE (7/03): Barrels closed at \$1.0350 and blocks at \$1.0650. The weekly average for barrels is \$1.0517 (-.0218) and blocks, \$1.0717 (-.0163).

NONFAT DRY MILK (7/03): Extra Grade closed at \$0.8950 and Grade A at \$0.9000. The weekly average for Extra Grade is \$0.8950 (N.C.) and Grade A, \$0.9000 (N.C.).

BUTTER: The butter market tone and the cash price are weak. Churning activity across the country early in the week was lighter, but is expected to increase during the 4th of July weekend. Cream offerings are increasing at midweek as many Class II operations are down or working reduced schedules for the holiday weekend. Stocks of butter continue to be reported as readily available for current needs. Butter orders this week were lighter as most holiday needs had been previously filled. For the most part, buyers are holding off placing additional orders until after the weekend. Some scattered retail feature activity is occurring which is anticipated to clear good volumes of print butter. Food service orders remain seasonally active.

CHEESE: The cheese market remains weak. The current block and barrel weekly averages are the lowest since early 2001 and late 2000 respectively. Current cheese offerings continue to exceed demand. Reports indicate some firms are preparing and/or having product graded for clearance to CCC under the price support program. However, no CCC cheese purchases have yet been made. Milk and cheese production are steady to often lower due to the impact of summer weather in much of the country. However, extra milk volumes are expected to be offered to manufacturing plants from bottlers and other firms closed for the holiday.

FLUID MILK: Bottler schedules are being adjusted around the holiday with demand improved for the first of the month sales but also affected by the holiday. Through much of the eastern half of the country, elevated summer temperatures and, in instances, humidity are impacting milk production and milk supplies are tightening. Florida continues to ship surplus loads northward for processing, but volumes are lighter. Manufacturing schedules are being reduced. In the Southwest, temperatures over 100 degrees are also affecting cow comfort and subsequently milk output. In California, milk receipts remain strong in most areas with plants still running full and extended schedules needed in order to handle the volumes. In Oregon and Washington, conditions remains favorable for milk production with manufacturing plants still on heavy seasonal schedules. Plant receipts are holding up well in Utah and Idaho despite temperatures approaching 100 degrees. Plant capacity continues to be pushed in many Western locations. Demand for cream is seasonally strong though with some firms being closed for an extra day or two around the holiday, larger volumes are expected to clear to churns over the weekend.

DRY PRODUCTS: The NDM market is steady as milk and skim volumes decline in some areas of the country. However, extra volumes are expected to be available over the holiday weekend. Sales to CCC continue to balance supplies for many producers. No news is available at presstime concerning the new DEIP year allocations that began July 1. Buttermilk prices are steady to lower with some discounting to stimulate sales. Condensed buttermilk sales and reduced churning are reducing production at some locations. The whey market is unsettled with prices both higher and lower. Summer weather, hot and humid conditions are affecting product quality and quantity at some locations. Some producers are trying to build/maintain inventory, expecting volumes to decline further while others try to reduce stocks. Export interest in whey has improved at current prices. The WPC market remains weak and prices are lower. Production is steady to lighter. Buyer interest is limited and best from the export market. The lactose market is weak and prices steady to lower. Domestic candy interest is lagging and international interest is mixed with some buyers opting to make monthly purchases rather than contract for an entire quarter.

CCC: For the holiday-abbreviated week of July 1 - 5, CCC purchased 12,940,835 net pounds of NDM. A total of 1,136,281 pounds originated from the East, 79,366 pounds from the Midwest, and 11,725,188 from the West.

JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2002 was unchanged at 123. Compared with June 2001, the index was down 1 point (0.8%). The index of prices received by farmers for dairy products declined 2 points during the month of June 2002 to 91. Compared with June 2001, the index was down 33 points (26.6%). Prices received by farmers in June with changes from May were: for All Milk, \$11.90, down \$.30; Fluid Grade Milk, \$11.90, down \$.30; and for Manufacturing Grade Milk, \$10.80, down \$.30.

MAY 2002 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 126.5 million pounds in May, 14.0% above May 2001 but 4.4% below April 2002. American type cheese production totaled 327.4 million pounds, 6.1% above last May and 3.3% above last month. Total cheese output (excluding cottage cheese) was 723.6 million pounds, 2.4% above last year and 3.5% above a month ago. Nonfat dry milk production, for human food, totaled 158.1 million pounds, 12.6% above May 2001 but 0.1% below April. Dry whey production, for human food, was 94.3 million pounds, 7.6% above May 2001 and 6.2% above April 2002.

NOTICE: Due to the July 4th holiday, the release of the NASS dairy product price series and Class II, III and IV milk prices occurred after press time on July 5. These prices can be accessed by calling 608-224-5088 and found on the Internet.

****SPECIAL THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 1	TUESDAY JULY 2	WEDNESDAY JULY 3	THURSDAY JULY 4	FRIDAY JULY 5	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.0650 (-.0100)	\$1.0550 (-.0100)	\$1.0350 (-.0200)		C M	-.0400	\$1.0517 (-.0218)
40# BLOCKS	\$1.0850 (N.C.)	\$1.0650 (-.0200)	\$1.0650 (N.C.)	H O	E	-.0200	\$1.0717 (-.0163)
NONFAT DRY MILK EXTRA GRADE	\$.8950 (N.C.)	\$.8950 (N.C.)	\$.8950 (N.C.)	L I	C L	N.C.	\$.8950 (N.C.)
GRADE A	\$.9000 (N.C.)	\$.9000 (N.C.)	\$.9000 (N.C.)	D A	O S	N.C.	\$.9000 (N.C.)
BUTTER GRADE AA	\$1.0575 (N.C.)	----	\$1.0325 (-.0250)	Y	E D	-.0250	\$1.0450 (-.0025)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 1, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.0650; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0650; OFFERS UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE A: 5 @ \$0.9000, 5 @ \$0.9025
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.0600, 1 @ \$1.0675

TUESDAY, JULY 2, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.0650, 1 @ \$1.0550; 7 CARS 40# BLOCKS: 1 @ \$1.0875, 1 @ \$1.0900, 1 @ \$1.0650, 1 @ \$1.0750, 1 @ \$1.0650, 1 @ \$1.0750, 1 @ \$1.0650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.0750
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE A: 5 @ \$0.9000, 5 @ \$0.9025

WEDNESDAY, JULY 3, 2002

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.0400, 1 @ \$1.0350; 6 CARS 40# BLOCKS: 2 @ \$1.0650, 1 @ \$1.0625, 1 @ \$1.0500, 2 @ \$1.0650; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0550; 1 CAR 40# BLOCKS @ \$1.0750
 NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS GRADE A: 5 @ \$0.9000, 5 @ \$0.9025
 BUTTER — SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$0.9975, 1 @ \$0.9950, 2 @ \$0.9500; OFFERS UNCOVERED: 6 CARS GRADE AA: 2 @ \$1.0325, 1 @ \$1.0375, 1 @ \$1.0450, 2 @ \$1.0600

THURSDAY, JULY 4, 2002

NO TRADING - HOLIDAY

FRIDAY, JULY 5, 2002

NO TRADING, CME CASH MARKETS CLOSED

BUTTER MARKETS**NORTHEAST**

The market tone is weak although the cash price is maintaining a firm trend. Most producers and handlers are quite comfortable with their production schedules at this time. For the most part, cream supplies are sufficient to maintain steady production schedules, although surplus cream volumes are less available. Production of ice cream and other Class II cream based products is seasonally active, although many of these operations will be reducing their production schedules by midweek as they shut down for a long holiday weekend. Due to these reduced production schedules, butter producers anticipate additional cream offerings to become available to them during the 4th of July holiday period. Overall, stocks of butter are reported to be readily available for all buyer interest. Additional holiday production will be placed into inventory as demand for butter remains seasonally fair at best. Buyers have placed and received their holiday needs, thus buying interest this week is light until they are able to assess their needs following the holiday weekend. Food service orders remain seasonally steady as the summer vacation season continues. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The butter market tone is unsettled, but the cash price remains firm. Some butter producers are questioning the continued strength in the cash butter price, although cream supplies are seasonally tightening for churning needs. Ice cream and other cream based product production has been seasonally active, absorbing increasing

volumes of available cream. By mid-week, most of these class II product operations will close for the holiday weekend, thus additional volumes of cream are expected to become available to butter operations. Stocks of butter continue to run ahead of last year at this time. Although butter demand is not overly aggressive, sales are reported to be seasonally fair for early July. Orders are lighter this week as most holiday orders have been placed and shipped. Some scattered holiday retail feature activity is occurring which is anticipated to clear good volumes of print butter. Food service orders remain seasonally active. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

WEST

Most contacts feel that butter demand has improved over the past few weeks at the retail level and from food service accounts. Churning activity has been somewhat slower as more cream heads to ice cream accounts. This holiday week, some additional cream is expected to move back to the churns. Most contacts feel that butter stocks are heavy at most stages of the marketing chain. CME weekly butter stocks continued to grow this past week, increasing by 461,000 to reach 150.6 million pounds. In every year surveyed, stocks had begun to decline seasonally by this time of the summer. Current prices for bulk butter range from 4 1/2 cents to 2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
 U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
JUN 29	N.A.*	N.A.*	N.A.*	N.A.*	N.A.*	N.A.*	N.A.*

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

* Information is not available due to holiday printing schedule, please consult the above web site.

CHEESE MARKETS

NORTHEAST

Wholesale prices are generally lower except Swiss. The market tone remains unsettled to weak. Current offerings are ample for the current, often light interest. Deliveries are lighter with many operations closed for an extra day or two around the holiday. More seasonal temperatures have helped to generate improved interest from food service accounts in resort areas. Cheese production is edging lower as milk volumes decline with the warmer temperatures.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1525-1.6375
Cheddar Single Daisies	:	1.1100-1.5700
Cheddar 40# Block	:	1.2300-1.4400
Process 5# Loaf	:	1.2825-1.4650
Process 5# Sliced	:	1.3025-1.5775
Muenster	:	1.3125-1.5200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market remains weak. Current cash cheese prices at the Chicago Mercantile Exchange are the lowest since November 2000. Unconfirmed trade rumors of cheese graded and available for clearance to CCC under the price support program continue to surface. Overall, current interest is light with many firms operating on abbreviated operating and shipment schedules due to the holiday. Swiss interest is seasonally good with spot availability generally limited. For some buyers, current prices are attractive to build inventory. Mozzarella supplies range from adequate to burdensome. Recent heat and humidity (temperatures often in the 90's) have noticeably impacted milk intakes and cheese yields at many operations. Several experienced traders anticipate cheese prices could rebound by month end as current offerings, especially cheddar volumes under 30 days old eligible for CME current market trading, decline.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2525-1.5400
Brick And/Or Muenster 5#	:	1.5100-1.6500
Cheddar 40# Block	:	1.4600-2.1150
Monterey Jack 10#	:	1.6900-2.1150
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3950-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 1 - 5, 2002
BARRELS*	:	\$1.0650 - 1.0875 (NOMINAL)
	:	(-\$0.0175) (-.0200)
40# BLOCKS	:	\$1.0750 - 1.1175 (NOMINAL)
	:	(-\$0.0200) (-.0425)

() Change from previous week. * If steel, barrel returned.

WEST

Cheese prices moved sharply lower again. Prices have now declined for nine of the last ten weeks. Prices now stand about 3 1/2 to 4 1/2 cents below the CCC support purchase prices. Indications from the trade are that a number of firms are getting cheese ready to offer to the government if the price stays at this level for a period of time. Sales activity this holiday week is rated as slow. Most buyers had anticipated their needs so as not to have to deal with any trucking and holiday pay issues this week. Offerings of cheese are increasing as producers attempt to keep their stocks somewhat current. Some buyers appear to be in a stocking up mode due to the belief that downside price risk is minimal. Production schedules this week are expected to be heavy to process available milk supplies. Daytime temperatures in the region are at summer time levels, but nights are cooling off enough to keep the stress on milking herds minimal, up to this point.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2250-1.4850
Cheddar 40# Block	:	1.2100-1.3500
Cheddar 10# Cuts	:	1.3900-1.6100
Monterey Jack 10#	:	1.4000-1.5650
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4300

FOREIGN

Prices are lower on domestic and steady on imported. Current demand is seasonally light on most varieties. Recent weakness in the US dollar compared to other currencies is causing increases in prices of some new arrivals as old stocks are replenished. This is also impacting interest in some imports.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

NEW YORK		
VARIETY	IMPORTED	DOMESTIC
Roquefort	TFEWR	-0-
Blue	2.6400-3.1400	1.4550-2.9450*
Gorgonzola	3.2400-5.9400	1.9550-2.4900*
Parmesan (Italy)	TFEWR	2.8700-2.9450*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-5.5000	1.4575-1.6825*
Romano (Cows Milk)	-0-	2.6475-4.8275*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	2.7500-3.6900	-0-
Swiss Cuts Switzerland	-0-	2.3500-2.5500
Swiss Cuts Finnish	2.6000-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam		
2 Pound	TFEWR	-0-
4 Pound	2.1900-2.8900	-0-
Gouda, Large	2.3900-2.6500	-0-
Gouda, Baby (\$/Dozen)		
10 Ounce	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE		
07/01/02	70,355	: 140,061
06/01/02	67,412	: 138,335
CHANGE	2,943	: 1,726
% CHANGE	4	: 1

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	64	0	96	0	70
SOUTHEAST STATES	0	0	0	0	0	0

Milk volumes are decreasing as a result of increasing temperatures throughout the region. The full impact of the 90-100 degree temperatures will likely be seen in the weeks to follow. For the current week, Florida shipped out 64 loads of milk. Handlers in Florida do not anticipate shipping out any loads next week which would divert bottling and manufacture interest to supplies in the Northeast and perhaps parts of the Midwest, tightening supplies throughout the region. Class I sales are mixed. Typical first of the month sales are noted in some areas yet the Fourth of July holiday is deterring interest at other locations. After the holiday, class I sales are expected to increase, especially in response to tourist activity. Manufacturer plant schedules are generally reduced in response to overall lower milk output. Condensed skim demand is steady for the mostly contractual cheese and class II interest. Supplies are well balanced as any excess volumes are readily diverted into NDM facilities. Condensed skim movement is anticipated to increase as milk supplies dwindle in the summer heat. Cream supplies were tightening at the beginning of the week, encouraging higher multiples. However, since some ice cream and cream cheese facilities will be closing for the holiday, cream demand is slowing and supplies are increasing with substantially lower multiples reported. Some butter facilities are picking up additional loads of cream at the lower multiples. Decreasing milk volumes are expected to tighten cream supplies once again by sometime late next week. Prices are generally higher due to a more than 3 cent increase in the CME AA butter average. Churning activity remains light.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2570-1.4246
DELIVERED EQUIVALENT ATLANTA	-	1.2780-1.4456 M 1.3408-1.4246
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3199-1.4665

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500- .9600

M I D W E S T

Continued heat, generally dry conditions, high humidity, and insects continue to impact milk receipts. The elevated temperatures and humidity, though cooling off at night, have lasted long enough for many in the industry to expect the rebound whenever temperatures cool to be much less than the recent decline. Lower plant milk receipts, often reported down in the 5 - 10% area from just a few weeks ago, have tightened supplies and reduced manufacturing plant schedules. A number of plant operators have been able to cut the number of days run per week and/or the number of hours of daily operation. Milk demand is improving with spot manufacturing prices steady to higher on a light pre-holiday test, mostly from flat class to the \$.50 over area. Handlers that had been concerned with being able to find manufacturing space for holiday surplus loads a few weeks ago are now anticipating a relatively quiet holiday. Class I demand is about steady with good interest from most Class II accounts, at least early in the week. Some calls by bottlers for extra fluid is to make up for what their direct ship loads are down. Cream demand was good early in the week between dips, whipped and sour cream and ice cream. Some ice cream operations have planned a 4-day holiday weekend so some firms are selling, or just not buying, late week cream. At least a few others are just down for

the holiday due to a tighter inventory/good order situation. Condensed skim prices range from \$.90-1.01. Most corn cultivators are already off due to corn height and the hay/haylage harvest continues.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 27- JULY 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 38.00- 43.50	\$ 44.00- 50.00
REPLACEMENT HEIFER CALVES	\$400.00-630.00	\$370.00-490.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 27- JULY 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 45.50	\$ 48.25- 54.00

W E S T

The June 4a price (butter/powder) in CALIFORNIA is \$10.13, down \$0.10 from May and \$5.01 lower than last year. The June 4b price (cheese) is \$9.59, down \$0.64 from May and \$5.23 lower than last year. Milk production levels remain strong across most of the state of California. In the southern milk producing areas, weather conditions are warm, but not affecting milk output to any great extent. Plants are running full and milk is being moved to find processing capacity. In the Central Valley, hotter weather is dropping milk a little, but not to extents that processors would like. Balancing plants are still running extended schedules to handle the milk supplies. The situation is the same in the northern producing regions. Temperatures are favorable and milk production is responding. Plants are running heavy to process local and other's milk. The extended holiday period is not expected to cause problems with milk handling - as long as plants don't have problems. ARIZONA milk production is coming off a few percentage points a week as hot weather over the 110 degree mark persists in the state. Higher humidity levels are beginning to be noted and contacts are noting that the "monsoon" season will be coming soon. Milk processing is being handled well within normal marketing channels. Crops are suffering from the hot weather. In NEW MEXICO, milk production is declining following continued hot weather. The comfort level for cows is eroding. Fat and solids in milk are lower. Hay harvest is into the second and third crops and quality is suffering because of the hot conditions. Western CREAM markets are holding steady to slightly firmer. Some distressed loads may be available over the extended holiday period. Ice cream usage is up seasonally. Excess cream continues to clear to butter churns for processing. CME butter prices are slightly lower this week, closing midweek at \$1.0325. Western multiples increased marginally to the 113 to 126 range, F.O.B. Conditions remain very good for milk production in WASHINGTON and OREGON. Temperatures are quite moderate with only one short term hot spell noted. Cows continue to produce at heavy levels. Rainfall has been scarce over the past few weeks so that crops and pastures are showing some stress. Hay quality ranges from fair to good with more rained on hay available than normal. Manufacturing plants will be running on extended schedules this week to process the available milk supplies. Temperatures in UTAH and IDAHO are approaching 100 degrees. Most contacts are commenting that the heat is coming in earlier than normal. They wonder what this will mean when temperatures normally warm up near the end of July. Milk output continues to hold up quite well even with the current hot spell. The stress on the milking herd is less than anticipated because of the cool evenings. Most manufacturing plants are expected to be running at capacity during this holiday week to process available supplies of surplus milk. Hay prices are higher than last year as dairy hay demand is good and production is less than anticipated. Water supplies are a concern for future yields this summer. Heifer prices at a number of sales in the region are off a couple of hundred dollars over the past few weeks. Contacts are not sure if this is a trend or just a short run aberration. Low milk prices and higher feed costs are getting most of the blame for the heifer price weakness.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a steady market. While some plants continue to trade product at a discount, other locations are attempting to garner higher prices above support. Low heat production is mixed. Milk is more available at some locations due to decreased Class I sales prior to the holiday. However, milk volumes are also decreasing in response to recent hot and humid weather. A more notable decrease in milk volumes is expected next week as milk settles after the holiday. Low heat spot interest is light with most movement occurring on contracts. High heat demand is good with some plants unable to satisfy current commitments. Imports of Canadian NDM and EU MPC 42% & 70% are directly competitive with domestic NDM supplies. Offers from the Central region to the CCC are noted for the current week.

EAST: Prices are higher on a steady to firm market. As milk supplies decline in the hot weather, producers are offering at higher prices. Some firms anticipate prices to continue to move higher next week. At other locations, production for July is completely contracted and spot sales are nominal. Some brokers are opting to purchase supplies from the lower priced Midwest region rather than the East. Low heat output is decreasing as less milk is diverted to NDM facilities. As a result, some firms are opting to instead produce the more time consuming high heat product. Low heat movement into ice cream and cheese plants is slow to fair while high heat demand is generally contractual.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - .9500 MOSTLY: .9000 - .9200

HIGH HEAT: .9500 - 1.0000

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are mostly steady with some slight adjustments noted within the range. The market tone remains weak and sales continue to be focused on the support program. Spot sales remain limited as buyers are reluctant to make any types of commitments with current market conditions. Contract volumes are generally moving as scheduled. Drying remains heavy in the region to process milk and expected to be heavy over the extended holiday period and weekend. There is no word yet on the new DEIP allocations being announced for the new DEIP year that started July 1. For the week of June 24 - 28, net clearances to CCC totaled 16,809,411 pounds. Of this total, 14,288,010 pounds originated from the West. High heat prices are slightly higher in light trading. There is very little additional interest noted in the marketplace. Drying schedules are not conducive for allowing much high heat to be processed.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8700 - .9575 MOSTLY: .8950 - .9025

HIGH HEAT: .9200 - .9400

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
June 28	\$.8998	14,331,308	10,213,409
June 21	\$.8995	17,636,805	11,696,984

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a mostly steady market. Trading is predominantly occurring at the lower end of the range. Some LTL loads are trading higher. Inventories are in balance to heavy. At some locations, stocks are building as cream movement decreases into ice cream and increases into churns. Condensed movement is generally steady. Ice cream plants are taking in their regular loads of condensed buttermilk. Some excess loads of condensed buttermilk are readily available for the light interest.

F.O.B. CENTRAL: .8000 - .8500

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are lower on a steady to weak market. Lower prices are being traded in order to encourage movement, especially given the less than seasonal interest from ice cream manufacturers. Churning activity is light, resulting in limited production of buttermilk. Condensed buttermilk is being more readily cleared into some ice cream plants. However, with some ice cream facilities closing during the 4th of July holiday, supplies of condensed buttermilk are being diverted into dryers, encouraging production and increasing stocks. Demand is fair at best.

F.O.B. NORTHEAST: .7600 - .8350

DELVD SOUTHEAST: .7800 - .8650

DRY BUTTERMILK - WEST

Western dry buttermilk prices are again trending lower in light trading with competitive pressure building to move lower. Sales activity is slow and drying seasonally higher than anticipated and liked. Offerings far exceed current demand and buyers have many choices of protein and fat sources as ingredients. Higher dry buttermilk prices in recent years have caused users to switch buttermilk out of formulations and those users are not switching back. Stocks are ample to heavy.

F.O.B. WEST: .7500 - .8000 MOSTLY: .7600 - .7800

DRY WHOLE MILK - NATIONAL

Prices are unchanged to higher on a mostly steady market. Prices are expected to adjust with changes in the milk price reported on Friday. As milk supplies begin to wane, plants may again have time availability for whole milk production. Seasonal interest from candy manufacturers is light with some spot interest noted at the higher end of the range. Most movement is occurring on a contractual basis.

F.O.B. PRODUCING PLANT: 1.1150 - 1.1900

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH JUNE 28, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 68,201 MT (150,355,925 LBS)
This program-year's allocation is filled.

CHEESE -- 3,495 MT (7,705,077 LBS)#
This program-year's allocation is filled.
Includes reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are generally unchanged on a cautiously steady market. At some locations, contract buyers are no longer deferring shipments and taking additional loads beyond commitments. Spot interest is light into domestic and export markets. Production is generally slowing in the hot and humid weather yet some plants continue to retain supplies in excess of demand. Plants are now holding stocks with confidence as markets are expected to tighten in response to the warmer temperatures. Condensed supplies are readily available for the light interest.

F.O.B. CENTRAL: .1500 - .1600 MOSTLY: .1525 - .1575

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged on a steady market. Hot and humid weather is affecting the quality and quantity of whey produced at some locations. Supplies of Extra Grade are generally in balance with demand. Trading is mostly contractual with light spot interest. Grade A product is generally being traded at the average and at standard premiums. Unconfirmed reports of Grade A product trading lower are noted. In general, whey supplies are expected to tighten in conjunction with lower milk volumes, encouraging prices higher during the month.

F.O.B. NORTHEAST:	EXTRA GRADE	.1550 - .1650
	USPH GRADE A	.1700 - .1875
DELVD SOUTHEAST:		.1800 - .1900

DRY WHEY - WEST

There continues to be a weak undertone for Western whey. Powder is trading in a narrower range. Some sellers see that export sales have picked up now that prices have reached this level. Domestic interest is rated as fair. Production remains quite heavy for this time of year and is expected to increase this week due to the four day holiday weekend. Stocks of whey remain larger than desired at a number of locations.

NONHYGROSCOPIC: .1400 - .1600 MOSTLY: .1450 - .1500

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged to lower on steady to weak markets. The availability of milk replacer product is mixed. Multiple loads are being traded at the lower end of the range while single spot loads are trading higher. With steady prices reported on the Extra Grade whey market, roller ground prices are also unchanged. Delactose production is increasingly difficult in the hot and humid weather. Some feed buyers are delaying shipment due to lower utilization and cheaper priced substitutes. Veal and early weaned pig markets are trending steady.

F.O.B. CENTRAL:	
MILK REPLACER:	.1350 - .1475
ROLLER GROUND:	.1450 - .1850
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Trading activity is light and best into export markets. Production is steady to slightly lower in response to lower milk volumes in the hot and humid weather. Condensed WPC sales are slow and often difficult to clear. High protein WPC from domestic and import markets is directly competitive with WPC 34% and often trading at lower prices than WPC 34% into feed markets. Inventories are mixed as some plants are reportedly in balance while others are running long. Brokers and resellers are hesitant to trade WPC 34% as the profit margin is too low. Off grade supplies are available for the light interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4175 - .4650 MOSTLY: .4350 - .4475

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Contract negotiations for third quarter are continuing at many plants, especially on dealings with Asia. Lower output in New Zealand is encouraging movement of US lactose into New Zealand and New Zealand export markets in Asia, alleviating heavier US stocks. Some buyers are opting to buy on a monthly basis rather than a quarterly basis. Seasonal candy interest for Halloween and fall holidays is lagging. Production is mixed. In anticipation of new production, some locations are garnering additional milk supplies and generating higher levels of lactose. However, hot and humid weather is taking a toll on milk supplies, encouraging lower output at other locations. Whey is often a more attractive substitute to lactose into feed facilities. Off grade supplies are readily available for the light feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1400 - .2250 MOSTLY: .1500 - .1700

CASEIN - NATIONAL

Casein markets remain weak as prices generally hold steady, although prices at the upper end of the reported ranges are under pressure. Domestic buyers continue to purchase for short term or immediate needs with very few entering into long term commitments. Oceania sources indicate that their prices are under pressure due to recent adjustments in Europe. Stocks in both Oceania and Europe are reported to be readily available, thus many domestic buyers do not foresee much need to commit for the long term. Potential casein/caseinate producers in the U.S. continue to evaluate their involvement with this possible new venture.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0500 - 2.2500
ACID:	1.8000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices are unchanged and the market tone is steady. Excess milk supplies over the holiday weekend are expected to be manageable. Production schedules of evaporated milk are generally steady. Inventories continue to increase for the fall holiday interest. An expected decrease in milk prices, reported on Friday, may encourage lower evaporated prices. Demand is fair at best.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.50 - 31.00

Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURESSelected settling prices, (open interest), and volume 1/

Month	06/19	06/20	06/21	06/24	06/25	06/26	06/27	06/28	07/01
CME - (CLASS III) MILK FUTURES -- Dollars per cwt.									
JUN 02	10.16 (2628) 2	10.16 (2626) 11	10.13 (2626) 0	10.13 (2626) 0	10.13 (2626) 1	10.13 (2625) 10	10.13 (2625) 0	10.10 (2629) 0	10.10 (2629) 0
JUL 02	10.10 (3043) 36	9.99 (3047) 50	9.89 (3052) 18	9.93 (3069) 48	9.93 (3093) 45	9.80 (3120) 46	9.54 (3125) 61	9.53 (3126) 38	9.57 (3090) 62
AUG 02	10.82 (2649) 22	10.57 (2649) 84	10.45 (2663) 61	10.65 (2673) 46	10.80 (2701) 90	10.81 (2692) 47	10.46 (2701) 19	10.53 (2704) 66	10.66 (2754) 105
SEP 02	11.45 (3131) 16	11.24 (3134) 65	11.15 (3124) 74	11.47 (3127) 39	11.69 (3108) 104	11.83 (3114) 43	11.50 (3171) 76	11.60 (3154) 79	11.90 (3120) 155
OCT 02	11.30 (2075) 35	11.10 (2082) 17	11.00 (2082) 7	11.20 (2083) 24	11.50 (2086) 18	11.65 (2098) 17	11.45 (2104) 10	11.60 (2115) 23	11.95 (2119) 48
NOV 02	11.25 (1094) 34	11.00 (1096) 8	11.00 (1097) 5	11.10 (1098) 6	11.39 (1105) 15	11.48 (1116) 11	11.40 (1125) 31	11.51 (1143) 46	11.75 (1145) 22
DEC 02	11.17 (861) 37	11.00 (865) 6	11.00 (867) 3	11.10 (868) 2	11.30 (873) 20	11.30 (873) 7	11.20 (875) 6	11.36 (889) 43	11.65 (898) 15
JAN 03	11.20 (212) 19	11.13 (219) 7	11.13 (219) 0	11.13 (221) 2	11.27 (222) 15	11.30 (222) 0	11.30 (223) 11	11.35 (225) 2	11.50 (225) 0
FEB 03	11.35 (164) 21	11.31 (187) 30	11.28 (187) 0	11.30 (187) 1	11.40 (194) 17	11.50 (193) 1	11.44 (196) 9	11.50 (196) 1	11.50 (196) 0
MAR 03	11.35 (96) 5	11.35 (103) 12	11.35 (103) 0	11.35 (105) 3	11.40 (106) 4	11.50 (106) 0	11.50 (106) 3	11.50 (107) 1	11.50 (107) 0
APR 03	11.44 (85) 7	11.42 (87) 10	11.42 (91) 7	11.42 (91) 1	11.45 (91) 0	11.45 (92) 1	11.40 (91) 1	11.45 (91) 0	11.45 (91) 0
MAY 03	11.55 (77) 6	11.50 (77) 7	11.50 (77) 0	11.50 (77) 0	11.50 (77) 0	11.50 (77) 0	11.50 (77) 0	11.50 (78) 1	11.59 (78) 0
JUN 03	11.90 (45) 0	11.90 (45) 5	11.89 (45) 0	11.89 (45) 0	11.89 (45) 0	11.89 (45) 0	11.89 (43) 2	11.90 (45) 3	11.89 (45) 0
JUL 03	12.10 (31) 0	12.10 (31) 1	12.05 (31) 0	12.05 (31) 0	12.05 (31) 0	12.05 (31) 0	12.05 (28) 3	12.20 (28) 1	12.20 (28) 0
CME - CLASS IV MILK FUTURES - Dollars per cwt.									
JUN 02	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (338) 0	10.55 (335) 11
JUL 02	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.50 (513) 0	10.51 (513) 0	10.51 (513) 0	10.51 (513) 0	10.51 (513) 0	10.51 (513) 0
AUG 02	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0	10.50 (471) 0
SEP 02	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0	10.70 (425) 0
OCT 02	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0	10.70 (383) 0
NOV 02	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0	10.70 (283) 0
DEC 02	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0	10.70 (130) 0
JAN 03	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0	10.75 (51) 0
FEB 03	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0	10.90 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0	11.25 (2) 0
CME - BUTTER FUTURES -- Cents per pound									
JUL 02	104.75 (353) 2	103.00 (354) 1	104.00 (354) 0	104.00 (348) 8	106.00 (342) 7	107.25 (341) 3	107.25 (334) 7	106.50 (328) 1	105.50 (275) 99
SEP 02	108.00 (295) 8	107.25 (295) 1	109.00 (295) 3	108.00 (298) 6	110.00 (300) 6	112.00 (300) 2	111.00 (302) 6	111.00 (302) 0	109.50 (347) 50
OCT 02	109.00 (250) 0	109.00 (250) 0	110.00 (250) 2	110.00 (251) 1	111.02 (253) 3	113.50 (256) 3	113.50 (259) 3	111.75 (259) 0	110.50 (304) 45
DEC 02	111.00 (58) 0	111.00 (58) 0	112.00 (58) 0	112.00 (58) 0	112.00 (58) 0	114.50 (58) 0	114.50 (59) 1	113.50 (59) 0	112.00 (61) 2
CME - NONFAT DRY MILK FUTURES -- Cents per pound									
JUL 02	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0	89.85 (8) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 24 - July 5, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production throughout Europe is on the down side of the seasonal peak. Within the past week to ten days, high temperatures were reported across much of Europe, thus accelerating the seasonal decline. Many milk handlers indicate that they do not foresee recovery in milk production. The most recent statistics released last week indicate that milk production in Europe was 3% higher in April and 1.5% higher in May when compared to last year. Although official June figures are not available yet, milk handlers anticipate June to trail last year, especially due to the heat and humidity of recent weeks. As milk production declines, so is production of manufactured dairy products. Now that 109,000 MT of skim milk powder has been accepted into intervention and the program is full, the EU Management Committee has instituted a tendering system for additional offerings. This program has not been used since 1991. Under the tendering system, offerings will be accepted during a two week period, after which a percentage of the intervention price will be announced. This program will be in place until the end of August. For the first round of offerings, which closed on June 25, over 6000 MT tons were accepted with a tendering price set at 98.5% of the full value. These offerings are lighter than some anticipated, although with milk production declining as rapidly as it is, future offerings are also expected to become lighter. The next two week round is underway and will close on Tuesday, July 9, with the Committee meeting on Thursday at which time they will release the next tendering rate. Another situation is occurring which would indicate that milk output is declining. PSA for butter is now closed. This program, open since January, remained open as long as butter was deemed excessive for internal and international needs. As milk volumes decline, butter production decreases and stocks become less available. Most European dairy product producers and traders do not have a very optimistic outlook for the upcoming months as far as renewed international buyer interest for European stocks. Up to this point, sales activity has been very limited. Some traders are indicating that offerings from other areas of the world are occurring at prices under quoted European prices, thus basically cutting off any potential sales. Many producers and handlers were discouraged at the outcome of the most recent EU Management Committee meeting with no additional export refunds being announced. Due to a Euro that is near parity and unchanged refunds, many traders are grasping at what ever they can to revitalize sales activity.

BUTTER/BUTTEROIL: Butter prices are generally steady, although the market tone remains mixed. Surplus butter stocks continue to clear to intervention, although PSA has been closed. PSA, open since January, has closed due to declining butter availability. Much of the lighter availability is being attributed to lower churning activity as milk production declines seasonally. Sales activity, especially internationally, remains very light with internal sales classified as fair.

82% BUTTERFAT: 1,000 - 1,100
99% BUTTERFAT: 1,250 - 1,350

SKIM MILK POWDER (SMP): Skim powder markets are generally steady at unchanged prices. Surplus powder continues to clear to intervention, although now a tendering program is in place. The first round offerings under the tendering system were paid 98.5% of the intervention value. The second round is now open until July 9. Milk production is declining quite sharply in many European countries, thus powder production is anticipated to be lighter.

1.25% BUTTERFAT: 1,200 - 1,300

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady, although a slight increase in demand might be developing. This improved demand is basically an internal interest and for upcoming winter needs. At this point, stocks are fairly balanced and, for the most part, producers indicate that they would be able to generate whatever would be needed to fill internal needs.

26% BUTTERFAT: 1,250 - 1,350

SWEET WHEY POWDER: European whey markets are generally steady at unchanged prices. Stocks continue to be reported as readily available for internal and international buyer interest. Often, sales are limited to internal needs as prices are usually higher than international buyers are willing to pay.

NONHYGROSCOPIC: 375 - 470

OVERVIEW: EASTERN EUROPE: Milk production in Eastern Europe is also on the down side of the seasonal peak, although not declining as sharply as in Western Europe. Reports indicate that milk output is stronger this season than in past years in Russia and the Baltic states, thus manufactured dairy product stocks are in better balance. Stocks of dairy products in other Eastern European countries are reported to be in better shape than they have been in recent years.

OCEANIA

OVERVIEW: Milk production in the Oceania region is at seasonal low levels. The winter season is at hand in both Australia and New Zealand. Weather conditions vary although contacts in both countries indicate that winter weather patterns are pretty typical. If any weather related condition is negative, it probably would be the lack of moisture for this time of the year. Buyer needs continue to be filled from inventoried product. For the most part, stocks of Oceania produced dairy products are in balance with needs. Most producers and handlers feel that they will have sufficient volumes to carry them through the winter season with minimal volumes classified as uncommitted at this time. Handlers and traders continue to monitor the international market and indicate that they do not foresee significant strength in prices as the new production season nears. Negotiations with ongoing and potential buyers continue to occur for the upcoming production season. Some handlers indicate that a good portion of the upcoming season's production has been spoken for with some late season output still negotiable. Oceania traders are closely watching developments in Europe as export subsidies continue to be adjusted and what impact this will have on prices and marketing plans from the region. Intervention is full for skim milk powder, thus a tendering system is now in place for further offerings. The pending opening of the new DEIP allocations in the U.S. is another program that they are closely monitoring. The new DEIP year began July 1, although the program has not been officially announced as of yet. The allocations will remain the same as last year: 68,201 MT of skim milk powder, 3,030 MT of cheese, and 21,097 MT of butterfat. Oceania milk producers are starting to hear what opening season milk prices will be and are quite discouraged. Reports indicate that these prices will be 25 - 30% lower than last season. Some milk buyers are developing incentive programs to help with the lower price projections.

BUTTER: Oceania butter markets and prices are generally steady, although the undertone is weak. Producers and handlers report that stocks of butter are sufficient to maintain steady shipment schedules to regular and ongoing buyers. Some additional, uncommitted butter is available, but most handlers are not overly concerned about these volumes as the new milk production season nears.

82% BUTTERFAT: 925 - 1,000

CHEDDAR CHEESE: Oceania cheese markets are generally steady at unchanged prices. Stocks of cheese, especially in Australia, are heavier than last year at this time. Early reports indicate that overall cheese production is up 15%. Much of this increased cheese output is being attributed to the strong milk production season just concluded. Overall sales activity continues to center around regular and ongoing customer needs. Stocks, although heavier than last year, are not a major concern at this time.

39% MAXIMUM MOISTURE: 1,500 - 1,700

SKIM MILK POWDER (SMP): Skim powder prices and markets remain weak. Stocks of powder are reported to be fully sufficient for needs with orders being filled from inventoried stocks. Reports indicate that many producers and handlers are already looking toward the new milk production season and negotiating with potential buyers about their needs during the upcoming new season. In some instances, a large percentage of their full season production has already been committed.

1.25% BUTTERFAT: 1,150 - 1,275

WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady. No significant new buyer interest is being reported from the Oceania region. Sales and shipments are basically to regular and ongoing customers. The milk production season has ended thus orders are being filled from inventoried stocks. Whole milk powder producers are looking forward to the upcoming new milk production season which will be getting underway in 6 - 8 weeks.

26% BUTTERFAT: 1,200 - 1,275

Exchange rates for selected foreign currencies: JULY 1, 2002

.6592 Canadian Dollar	.0205 Indian Rupee
.2625 Argentina Peso	.4877 New Zealand Dollar
.1004 Mexican Peso	.5621 Australian Dollar
1.5321 British Pound	.0083 Japanese Yen
.2488 Polish Zloty	.9899 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.1004)= 9.9601. That is 1 US Dollar equals 9.9601 Mexican Pesos. Source: "Wall Street Jrl"

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 23 ::	REPORT NUMBER 24 ::	REPORT NUMBER 25 ::	REPORT NUMBER 26 ::	::	2002	2001
	::-----::	-----::	-----::	-----::	::	Average	Average
	:: JUN 03 - 07 ::	JUN 10 - 14 ::	JUN 17 - 21 ::	JUN 24 - 28 ::	::	or Total	or Total
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	:: 1.1400 - 1.1525 ::	1.1225 - 1.1450 ::	1.1025 - 1.1400 ::	1.0825 - 1.1075 ::	::	1.1241	1.6210
-- Cheddar 40# Blocks	:: 1.1650 - 1.1900 ::	1.1300 - 1.1750 ::	1.1325 - 1.1600 ::	1.0950 - 1.1600 ::	::	1.1509	1.6677
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.3625 - 1.6100 ::	1.3500 - 1.6100 ::	1.3050 - 1.6700 ::	1.2725 - 1.5700 ::	::	1.4688	1.9081
-- Brick And/Or Muenster 5#	:: 1.5500 - 1.7400 ::	1.5500 - 1.7250 ::	1.5300 - 1.7025 ::	1.5300 - 1.6875 ::	::	1.6269	2.0974
-- Cheddar 40# Block	:: 1.5100 - 2.1150 ::	1.5100 - 2.1150 ::	1.5050 - 2.1150 ::	1.4900 - 2.1150 ::	::	1.8094	2.0280
-- Monterey Jack 10#	:: 1.7400 - 2.1150 ::	1.7400 - 2.1150 ::	1.7100 - 2.1150 ::	1.7100 - 2.1150 ::	::	1.9200	2.2071
-- Blue 5#	:: 1.9225 - 2.2800 ::	1.9075 - 2.2800 ::	1.8850 - 2.2400 ::	1.8700 - 2.2400 ::	::	2.0781	2.4811
-- Mozzarella 5 - 6#	:: 1.4850 - 2.2150 ::	1.4700 - 2.2150 ::	1.4475 - 2.2150 ::	1.4325 - 2.2150 ::	::	1.8369	2.0865
-- Grade A Swiss Cuts 6 - 9#	:: 1.9175 - 2.6850 ::	1.9175 - 2.6850 ::	1.9175 - 2.6850 ::	1.9175 - 2.6850 ::	::	2.3013	2.4692
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.2425 - 1.7075 ::	1.2275 - 1.6925 ::	1.2050 - 1.6700 ::	1.1900 - 1.6550 ::	::	1.4488	1.9318
-- Cheddar Single Daisies	:: 1.2000 - 1.6600 ::	1.1850 - 1.6450 ::	1.1625 - 1.6225 ::	1.1475 - 1.6075 ::	::	1.4038	1.8843
-- Cheddar 40# Block	:: 1.3200 - 1.5300 ::	1.3050 - 1.5150 ::	1.2825 - 1.4925 ::	1.2675 - 1.4775 ::	::	1.3988	1.8830
-- Process 5# Loaf	:: 1.3500 - 1.5350 ::	1.3350 - 1.5225 ::	1.3325 - 1.5175 ::	1.3000 - 1.4850 ::	::	1.4222	1.9063
-- Process 5# Sliced	:: 1.3700 - 1.6475 ::	1.3575 - 1.6350 ::	1.3525 - 1.6300 ::	1.3200 - 1.5975 ::	::	1.4888	1.9755
-- Muenster	:: 1.4025 - 1.6100 ::	1.3875 - 1.5950 ::	1.3650 - 1.5725 ::	1.3500 - 1.5575 ::	::	1.4800	1.9605
-- Grade A Swiss Cuts 10 - 14#	:: 2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	2.3500 - 2.5500 ::	::	2.4500	2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.2925 - 1.5525 ::	1.2825 - 1.5425 ::	1.2775 - 1.5375 ::	1.2450 - 1.5050 ::	::	1.4044	1.8954
-- Cheddar 40# Block	:: 1.3000 - 1.4400 ::	1.2850 - 1.4250 ::	1.2625 - 1.4025 ::	1.2475 - 1.3875 ::	::	1.3438	1.8555
-- Cheddar 10# Cuts	:: 1.4800 - 1.7000 ::	1.4650 - 1.6850 ::	1.4425 - 1.6625 ::	1.4275 - 1.6475 ::	::	1.5638	2.0643
-- Monterey Jack 10#	:: 1.4900 - 1.6550 ::	1.4750 - 1.6400 ::	1.4525 - 1.6175 ::	1.4375 - 1.6025 ::	::	1.5463	2.0443
-- Grade A Swiss Cuts 6 - 9#	:: 2.3000 - 2.5000 ::	2.3000 - 2.4700 ::	2.3000 - 2.4700 ::	2.3000 - 2.4700 ::	::	2.3888	2.4450
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.3344 - 1.4091 ::	1.3917 - 1.4465 ::	1.2869 - 1.3984 ::	1.2982 - 1.3996 ::	::	1.3706	2.5797
-- Atlanta - dlvd. equiv.	:: 1.3024 - 1.4091 ::	1.3588 - 1.4465 ::	1.2970 - 1.4186 ::	1.2982 - 1.4199 ::	::	1.3688	2.5532
-- Upper Midwest - f.o.b	:: 1.3557 - 1.4305 ::	1.4026 - 1.4684 ::	1.3173 - 1.4186 ::	1.3185 - 1.4199 ::	::	1.3914	2.6078
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.9200 - 1.0250 ::	0.9200 - 1.0250 ::	0.9200 - 1.0250 ::	0.9200 - 1.0250 ::	::	0.9725	1.1045
-- Class III	:: 0.7500 - 0.9600 ::	0.7500 - 0.9600 ::	0.7500 - 0.9600 ::	0.7500 - 0.9600 ::	::	0.8550	0.8800
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::19.0000 -33.0000 ::	18.5000 -31.0000 ::	18.5000 -31.0000 ::	18.5000 -31.0000 ::	::	25.0625	27.5000

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 23 ::	REPORT NUMBER 24 ::	REPORT NUMBER 25 ::	REPORT NUMBER 26 ::	::	2002	2001
	::-----::	-----::	-----::	-----::	::	Average	Average
	:: JUN 03 - 07 ::	JUN 10 - 14 ::	JUN 17 - 21 ::	JUN 24 - 28 ::	::	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8900 - 0.9500 ::	0.8950 - 0.9475 ::	0.8975 - 0.9475 ::	0.8950 - 0.9475 ::	::	0.9213	N.A.
-- Mostly	:: 0.8900 - 0.9000 ::	0.8950 - 0.9025 ::	0.8975 - 0.9025 ::	0.8975 - 0.9025 ::	::	0.8984	N.A.
-- High Heat	:: 0.9300 - 1.0000 ::	0.9300 - 1.0000 ::	0.9300 - 1.0000 ::	0.9300 - 1.0000 ::	::	0.9650	N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8700 - 0.9575 ::	0.8700 - 0.9575 ::	0.8700 - 0.9575 ::	0.8700 - 0.9575 ::	::	0.9138	0.9960
-- Mostly	:: 0.8900 - 0.9000 ::	0.8900 - 0.9000 ::	0.8900 - 0.9025 ::	0.8950 - 0.9025 ::	::	0.8963	1.0026
-- High Heat	:: 0.9150 - 0.9500 ::	0.9150 - 0.9500 ::	0.9150 - 0.9500 ::	0.9200 - 0.9400 ::	::	0.9319	1.0576
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1425 - 0.1650 ::	0.1500 - 0.1650 ::	0.1500 - 0.1600 ::	0.1500 - 0.1600 ::	::	0.1553	0.2948
-- Mostly	:: 0.1550 - 0.1650 ::	0.1550 - 0.1650 ::	0.1500 - 0.1600 ::	0.1500 - 0.1600 ::	::	0.1575	0.2925
-- West (f.o.b.)	:: 0.1500 - 0.1750 ::	0.1500 - 0.1775 ::	0.1350 - 0.1750 ::	0.1400 - 0.1700 ::	::	0.1591	0.2632
-- Mostly	:: 0.1550 - 0.1700 ::	0.1500 - 0.1650 ::	0.1400 - 0.1600 ::	0.1400 - 0.1500 ::	::	0.1538	0.2677
-- Northeast Extra Grade (f.o.b.)	:: 0.1625 - 0.1675 ::	0.1625 - 0.1700 ::	0.1625 - 0.1700 ::	0.1550 - 0.1650 ::	::	0.1644	0.2924
-- Northeast Usph Grade A(f.o.b.)	:: 0.1725 - 0.1900 ::	0.1725 - 0.1900 ::	0.1725 - 0.1900 ::	0.1700 - 0.1875 ::	::	0.1806	0.2924
-- Southeast Extra Grade (Delvd)	:: 0.1825 - 0.1950 ::	0.1825 - 0.1950 ::	0.1825 - 0.1950 ::	0.1800 - 0.1900 ::	::	0.1878	0.3266
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4250 - 0.5200 ::	0.4250 - 0.5000 ::	0.4250 - 0.5000 ::	0.4250 - 0.4775 ::	::	0.4622	0.8021
-- Mostly	:: 0.4725 - 0.4975 ::	0.4600 - 0.4975 ::	0.4500 - 0.4775 ::	0.4300 - 0.4650 ::	::	0.4688	0.7950
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1350 - 0.1550 ::	0.1350 - 0.1525 ::	0.1400 - 0.1500 ::	0.1400 - 0.1500 ::	::	0.1447	0.2652
-- Roller Ground	:: 0.1525 - 0.1900 ::	0.1500 - 0.1875 ::	0.1500 - 0.1875 ::	0.1450 - 0.1850 ::	::	0.1684	0.2877
-- Delactose	:: 0.3500 - 0.3650 ::	0.3500 - 0.3650 ::	0.3500 - 0.3650 ::	0.3500 - 0.3650 ::	::	0.3575	0.4225
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.8000 - 0.9000 ::	0.8000 - 0.9000 ::	0.8000 - 0.9000 ::	0.8000 - 0.9000 ::	::	0.8500	1.0949
-- West (f.o.b.)	:: 0.8000 - 0.8500 ::	0.7850 - 0.8400 ::	0.7600 - 0.8300 ::	0.7600 - 0.8000 ::	::	0.8031	1.0643
-- Mostly	:: 0.8200 - 0.8300 ::	0.8100 - 0.8200 ::	0.7800 - 0.8000 ::	0.7700 - 0.7900 ::	::	0.8025	1.0621
-- Northeast (f.o.b.)	:: 0.7800 - 0.8350 ::	0.7800 - 0.8350 ::	0.7800 - 0.8350 ::	0.7800 - 0.8350 ::	::	0.8075	1.0521
-- Southeast (Delvd)	:: 0.8000 - 0.8650 ::	0.8000 - 0.8650 ::	0.8000 - 0.8650 ::	0.8000 - 0.8650 ::	::	0.8325	1.1193
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.1150 - 1.1850 ::	1.1150 - 1.1850 ::	1.1150 - 1.1850 ::	1.1150 - 1.1850 ::	::	1.1500	1.5174
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1400 - 0.2625 ::	0.1450 - 0.2625 ::	0.1450 - 0.2625 ::	0.1400 - 0.2625 ::	::	0.2025	0.2049
-- Mostly	:: 0.1500 - 0.2000 ::	0.1500 - 0.2000 ::	0.1500 - 0.2000 ::	0.1500 - 0.2000 ::	::	0.1750	0.1974
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.1500 - 2.2500 ::	2.0500 - 2.2500 ::	2.0500 - 2.2500 ::	2.0500 - 2.2500 ::	::	2.1625	2.5500
-- Nonrestricted - Acid	:: 1.8000 - 2.1000 ::	1.8000 - 2.1000 ::	1.8000 - 2.1000 ::	1.8000 - 2.1000 ::	::	1.9500	2.5500

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR JUNE 2002

	::REPORT NUMBER 23::		REPORT NUMBER 24::		REPORT NUMBER 25::		REPORT NUMBER 26::			:: 2002 * : 2001 *	
COMMODITY	::-----::		-----::		-----::		-----::			:: Monthly : Monthly	
	:: JUN 3 - 7		JUN 10 - 14		JUN 17 - 21		JUN 24 - 28			:: Average : Average	
BUTTER*											
-- GRADE AA											
--Monday	::	1.1050	::	1.0450	::	1.0100	::	1.0325	::	::	:
--Tuesday	::		::		::		::		::	::	:
--Wednesday	::	1.0950	::	0.9900	::	1.0150	::	1.0525	::	::	:
--Thursday	::		::		::		::		::	::	:
--Friday	::	1.0875	::	1.0050	::	1.0175	::	1.0575	::	::	1.0427 : 1.9783
--Weekly Average**	::	1.0958	::	1.0133	::	1.0142	::	1.0475	::	::	:
CHEESE*											
-- BARRELS											
--Monday	::	1.1375	::	1.1275	::	1.1125	::	1.0725	::	::	:
--Tuesday	::	1.1300	::	1.1275	::	1.1025	::	1.0750	::	::	:
--Wednesday	::	1.1275	::	1.1225	::	1.0925	::	1.0725	::	::	:
--Thursday	::	1.1275	::	1.1225	::	1.0825	::	1.0725	::	::	:
--Friday	::	1.1275	::	1.1225	::	1.0725	::	1.0750	::	::	1.1051 : 1.6137
--Weekly Average**	::	1.1300	::	1.1245	::	1.0925	::	1.0735	::	::	:
-- 40# BLOCKS											
--Monday	::	1.1750	::	1.1475	::	1.1400	::	1.1000	::	::	:
--Tuesday	::	1.1650	::	1.1475	::	1.1275	::	1.0850	::	::	:
--Wednesday	::	1.1625	::	1.1300	::	1.1325	::	1.0850	::	::	:
--Thursday	::	1.1625	::	1.1400	::	1.1300	::	1.0850	::	::	:
--Friday	::	1.1575	::	1.1400	::	1.1000	::	1.0850	::	::	1.1299 : 1.6599
--Weekly Average**	::	1.1645	::	1.1410	::	1.1260	::	1.0880	::	::	:
NONFAT DRY MILK*											
-- EXTRA GRADE											
--Monday	::	0.9400	::	0.8950	::	0.8950	::	0.8950	::	::	:
--Tuesday	::	0.9400	::	0.8950	::	0.8950	::	0.8950	::	::	:
--Wednesday	::	0.9400	::	0.8950	::	0.8950	::	0.8950	::	::	:
--Thursday	::	0.9000	::	0.8950	::	0.8950	::	0.8950	::	::	:
--Friday	::	0.8950	::	0.8950	::	0.8950	::	0.8950	::	::	0.9020 : 1.0300
--Weekly Average**	::	0.9230	::	0.8950	::	0.8950	::	0.8950	::	::	:
-- GRADE A											
--Monday	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	:
--Tuesday	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	:
--Wednesday	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	:
--Thursday	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	:
--Friday	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	0.9000 : 1.0400
--Weekly Average**	::	0.9000	::	0.9000	::	0.9000	::	0.9000	::	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

JUNE 2002 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2001 – MAY 2002		68,201		
JUNE 1 - 30, 2002		<u>0</u>		
JULY 2001 – MAY 2002		<u>68,201*</u>		
CHEESE				
JULY 2001 - MAY 2002		3,495		
JUNE 1 - 30, 2002		<u>0</u>		
JULY 2001 – MAY 2002		<u>3,495*#</u>		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2001 – MAY 2002		0		
JUNE 1 – 30, 2002		<u>0</u>		
JULY 2001 – MAY 2002		<u>0</u>		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
				71,696
TOTAL BONUS VALUE				\$45,449,000

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

* Program year allocations are filled * Total includes reallocated volumes.

Allocations for the DEIP year beginning July 1, 2001: Nonfat Dry Milk – 68,201 MT; Cheese – 3,030 MT; Butterfat – 21,097 MT

MAY 2002 DAIRY PRODUCTS HIGHLIGHTS

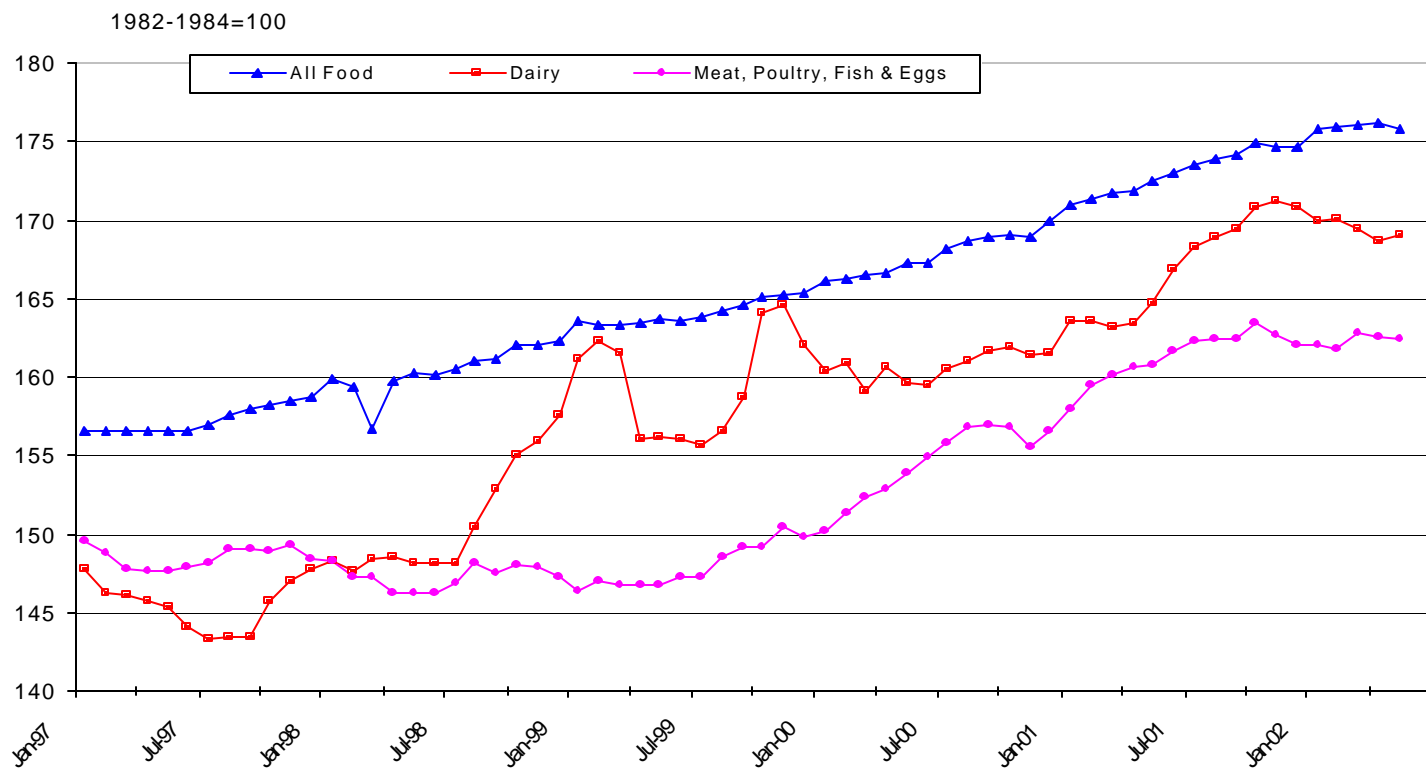
BUTTER production was 126.5 million pounds in May, 14.0 percent above May 2001 but 4.4 percent below April 2002. **AMERICAN TYPE CHEESE** production totaled 327.4 million pounds, 6.1 percent above May 2001 and 3.3 percent above April 2002. **TOTAL CHEESE** output (excluding cottage cheese) was 723.6 million pounds, 2.4 percent above May 2001 and 3.5 percent above April 2002. **NONFAT DRY MILK** production, for human food, totaled 158.1 million pounds, 12.6 percent above May 2001 but 0.1 percent below April 2002. **DRY WHEY** production, for human food, was 94.3 million pounds, 7.6 percent above May 2001 and 6.2 percent above April 2002. **ICE CREAM** (hard) production totaled 76.9 million gallons, 4.4 percent below May 2001 and 4.1 percent below April 2002.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2002	PERCENT CHANGE FROM:			PRODUCT	MAY 2002	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 2001	APR 2002	YEAR TO DATE 1/		1,000 LBS.	MAY 2001	APR 2002	YEAR TO DATE 1/
BUTTER	126,519	14.0	-4.4	14.6	YOGURT (PLAIN AND FLAVORED)	182,563	-2.0	2.5	---
CHEESE					CONDENSED WHEY, SOLIDS CONTENT 6/				
AMERICAN TYPES 2/	327,361	6.1	3.3	6.6	SWEET-TYPE, HUMAN FOOD	8,102	5.0	-1.4	---
CHEDDAR	256,203	4.7	2.8	6.1	SWEET-TYPE, ANIMAL FEED	1,059	19.7	-9.2	---
SWISS	21,408	-4.5	4.0	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	7,728	-5.0	9.3	---	DRY WHEY, HUMAN FOOD	94,327	7.6	6.2	---
CREAM & NEUFCHATEL	50,901	-7.7	2.6	---	DRY WHEY, ANIMAL FEED	5,463	-15.2	5.4	---
HISPANIC	10,197	16.8	2.2	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	231,392	0.5	4.9	-0.1	HUMAN FOOD	9,541	1.3	6.9	---
OTHER ITALIAN TYPES	56,818	1.8	-1.1	-1.6	ANIMAL FEED	3,735	6.1	6.1	---
TOTAL ITALIAN TYPES	288,210	0.8	3.7	-0.4	LACTOSE, HUMAN FOOD & ANIMAL FEED	46,776	-3.4	-3.4	---
ALL OTHER TYPES	17,841	0.2	2.8	---	WHEY PROTEIN CONCENTRATE				
TOTAL	723,646	2.4	3.5	2.7	HUMAN FOOD	26,935	10.5	2.3	---
COTTAGE CHEESE, CURD 3/	39,966	-4.8	7.7	---	ANIMAL FEED	3,208	-22.4	7.1	---
COTTAGE CHEESE, CREAM 4/	32,622	-3.7	7.0	-1.6					
COTTAGE CHEESE, LOWFAT 5/	34,290	-2.1	12.3	---					
CANNED EVAPORATED & CONDENSED									
WHOLE MILK	37,175	9.1	1.1	---	FROZEN PRODUCTS	1,000 GALLONS			
DRY WHOLE MILK	3,827	28.0	61.1	---	ICE CREAM (HARD)	76,936	-4.4	-4.1	1.0
NONFAT DRY MILK, HUMAN FOOD	158,062	12.6	-0.1	12.4	ICE CREAM, LOWFAT (HARD)	10,139	20.7	13.6	---
DRY SKIM MILK, ANIMAL FEED	708	43.3	47.5	---	ICE CREAM, LOWFAT (SOFT)	28,785	-13.5	6.1	---
DRY BUTTERMILK	5,635	10.0	-1.6	---	ICE CREAM, LOWFAT (TOTAL)	38,924	-6.6	7.9	-8.6
					SHERBET (HARD)	5,417	5.2	5.7	8.9
					YOGURT (TOTAL)	7,410	-6.0	7.7	-3.4
MANUFACTURERS' STOCKS, END OF MONTH 7/									
PRODUCT	MAY 2002	PERCENT OF:		PRODUCT	MAY 2002	PERCENT OF:			
	1,000 LBS.	MAY 2001	APR 2002		1,000 LBS.	MAY 2001	APR 2002		
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE					
DRY WHEY, HUMAN FOOD	35,463	31.6	-9.9	HUMAN FOOD	22,173	74.9	-8.9		
DRY WHEY, ANIMAL FEED	1,753	-65.4	6.2	ANIMAL FEED	1,562	-22.3	2.0		
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 8/	9,875	62.8	14.8	CANNED EVAPORATED & CONDENSED WHOLE MILK	55,828	-13.6	14.4		
LACTOSE, HUMAN FOOD & ANIMAL FEED	44,600	81.5	-5.0	NONFAT DRY MILK FOR HUMAN FOOD	155,000	15.6	-3.6		
DRY BUTTERMILK, TOTAL	12,124	139.8	-3.9						

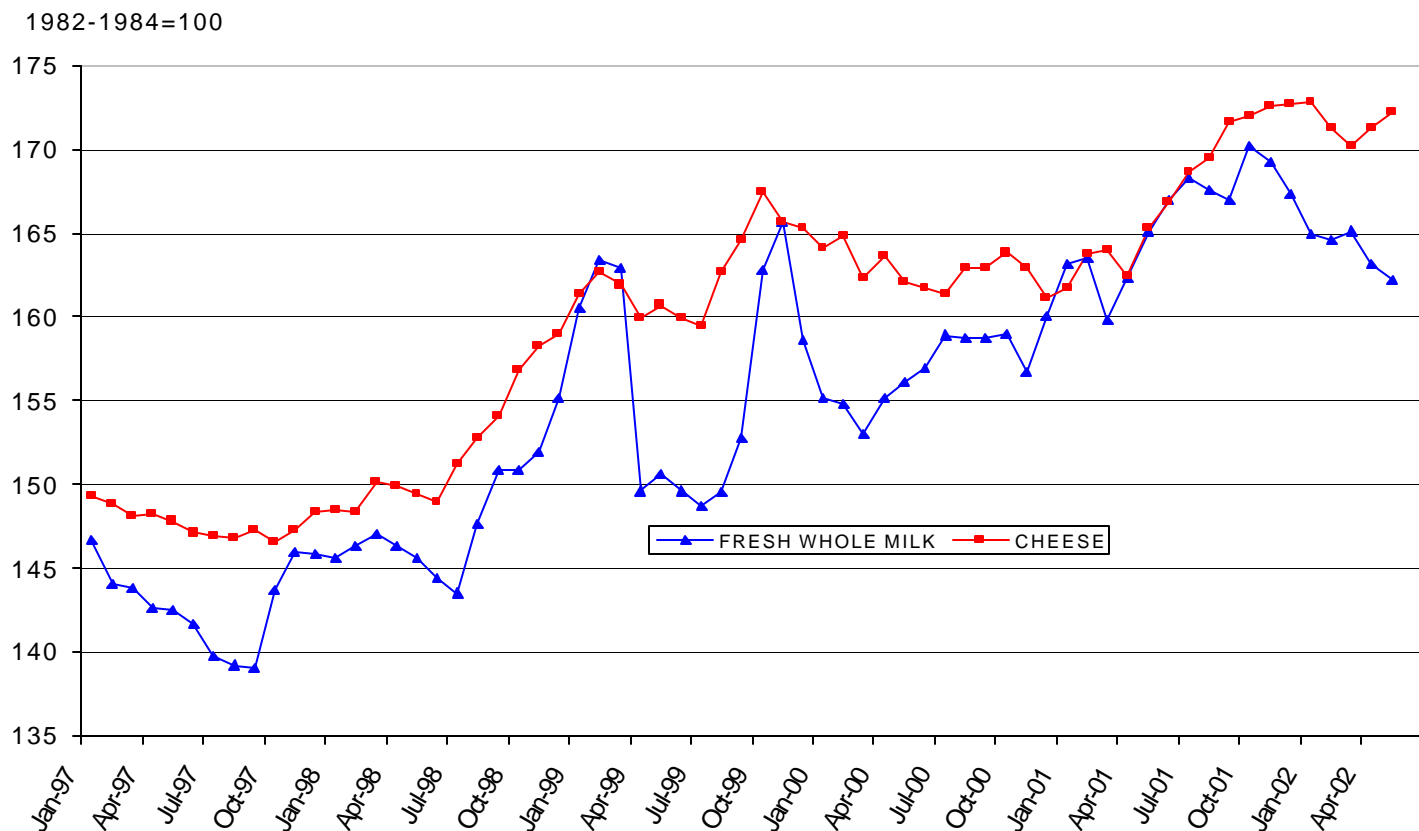
1/ 2002 cumulative as percent change of 2001 cumulative. 2/ Whole milk cheese, including Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 7/ Stocks held by manufacturers at all points and in transit. 8/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. 9/ Information for these products was not shown in current report.

SOURCE: "Dairy Products," Da 2-6 (7-02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX



CONSUMER PRICE INDEX



JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2002 was unchanged at 123. Compared with June 2001, the index was down 1 point (0.8 percent). The index of prices received by farmers for dairy products declined 2 points during the month of June 2002 to 91. Compared with June 2001, the index was down 33 points (26.6 percent).

Prices received by farmers in June with changes from May were: for All Milk, \$11.90 per hundredweight (cwt.), down \$.30; Fluid Grade Milk, \$11.90 per cwt., down \$.30; and for Manufacturing Grade Milk, \$10.80 per cwt., down \$.30.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 2002 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	2002 2/	2001 2/	2002 4/	2001 2/	2002	2001	2002 7/	2001 8/	2002	2001
CA	11.10	14.65	10.80	15.35	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		37.00	41.00	103.00	112.00
ID	11.20	14.20	11.00	14.60			36.00	41.80	96.00	111.00
MI	12.20	15.40	11.80	16.20			41.00	45.00	54.00	54.00
MN	12.30	15.70	11.90	16.20			41.50	48.10	67.00	59.00
NY	12.80	16.30	12.60	17.00			---	---	112.00	99.00
OH	12.20	15.50	12.10	16.20			37.00	45.60	105.00	95.00
PA	13.60	17.00	13.40	17.70			42.40	47.60	120.00	104.00
TX	12.60	16.00	12.30	16.90			36.80	42.00	91.00	81.00
WA	12.10	15.80	11.90	16.40			---	---	121.00	120.00
WI	12.40	15.50	12.00	16.10			40.50	45.30	63.00	48.00
U.S.	12.20	15.50	11.90	16.20			38.70	44.70	95.80	95.80

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 2002 WITH COMPARISON

ITEM	JUNE 2001	MAY 2002 1/	JUNE 2002 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	16.20	12.20	11.90
Fluid grade milk	16.20	12.20	11.90
Manufacturing grade milk	14.90	11.10	10.80
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	107	97	98
Prices received by farmers for dairy products	124	93	91
Prices paid by farmers for commodities and services, interest taxes, and wage rates	124	123	123
Prices paid by farmers for production items	120	118	117
Prices paid by farmers for feed	107	109	108
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.74	2.66	2.65

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (6/02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 1 - 5, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 6/28/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	14,560,378	1,619,543	12,940,835	544,758,955	341,592,518	1,123,025,000	574,353,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,227,000
TOTAL	14,560,378	1,619,543	12,940,835	544,758,955	369,743,609	1,169,416,000	612,580,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 1 - 5, 2002 =	2.8	150.6	COMPARABLE PERIOD IN 2001 =	1.5	81.5
CUMULATIVE SINCE OCTOBER 1, 2001 =	119.8	6,341.0	CUMULATIVE SAME PERIOD LAST YEAR =	183.6	4,413.5
CUMULATIVE JANUARY 1 - JULY 5, 2002 =	102.9	5,445.1	COMPARABLE CALENDAR YEAR 2001 =	67.0	2,930.7

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 1 - 5, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-		1,136,281	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		11,725,188	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		79,366	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	31,125,734	5,535,879	5.7	30.8
WEST	-0-	-0-	-0-	5,039,919	472,547,877	364,207,730	86.8	69.0
EAST	-0-	-0-	-0-	39,600	41,085,344	-0-	7.5	0.2
TOTAL	-0-	-0-	-0-	11,074,959	544,758,955	369,743,609	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/15/02 & Comparable Week 2001											U.S. TOTAL		% DAIRY OF ALL	
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.6	6.7	4.6	18.4	1.5	0.3	0.7	10.5	2.6	46.1	1,160.3	44.2	46.3
2001-Dairy	0.2	0.7	5.0	4.4	16.7	1.9	1.2	0.7	8.7	2.3	41.7	1,240.6	42.8	47.5
2002-All cows	0.2	0.8	7.9	12.9	28.4	15.7	14.8	3.7	13.8	6.1	104.3	2,504.8		
2001-All cows	0.2	0.9	6.0	13.5	25.1	13.7	15.6	4.5	12.0	6.0	97.4	2,611.1		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62					
II	12.69	12.28	12.19	11.88	11.29							
III	11.87	11.63	10.65	10.85	10.82							
IV	11.93	11.54	11.42	11.09	10.57							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm